

# PERAC

COMMONWEALTH OF MASSACHUSETTS | PUBLIC EMPLOYEE RETIREMENT ADMINISTRATION COMMISSION

PHILIP Y. BROWN, ESQ., *Chairman*

JOSEPH E. CONNARTON, *Executive Director*

Auditor SUZANNE M. BUMP | KATHLEEN M. FALLON | KATE FITZPATRICK | JAMES M. MACHADO | ROBERT B. MCCARTHY | JENNIFER F. SULLIVAN

## MEMORANDUM

TO: Falmouth Retirement Board

FROM: Joseph E. Connarton, Executive Director

RE: Approval of Funding Schedule

DATE: January 23, 2017

This Commission is hereby furnishing you with approval of the revised funding schedule you recently adopted (copy enclosed). The schedule assumes payments are made on July 1 of each fiscal year. The schedule is effective in FY17 (since the amount under the prior schedule was maintained in FY17) and is acceptable under Chapter 32.

The revised schedule reflects a reduction in the investment return assumption from 7.75% to 7.50% and the adoption of a fully generational mortality assumption.

The Board adopted a schedule reflecting a \$14,000 COLA base. The Board expects that the COLA base will be increased from \$12,000 to \$14,000 effective July 1, 2017. When we prepare the valuation report, we will note that the actuarial liabilities as of January 1, 2016 reflect the \$12,000 base but the funding schedule reflects a \$14,000 base.

If you have any questions, please contact PERAC's Actuary, Jim Lamenzo, at (617) 666-4446, extension 921.

JEC/jrl

P:\actuarial\APPROP\Approp17\falmouth approval.docx

Enc.



Scenario E  
7.5% Investment Return  
5.86% Total Increasing to FY32  
\$14,000 COLA base

**Falmouth Retirement System  
January 1, 2016 Actuarial Valuation**

Total Cost Increasing 5.86% until FY32 with a final amortization payment in FY33

<u>Fiscal Year</u>	<u>Normal Cost</u>	<u>Net 3(8)(c)</u>	<u>Amort. of UAL</u>	<u>Amort. of 2002 ERIP</u>	<u>Total Cost</u>	<u>Unfunded Act. Liab.</u>	<u>% Increase Total Cost</u>
2017	2,303,324	40,000	4,688,186	130,404	7,161,914	76,150,072	
2018	2,406,974	40,000	5,083,632	130,404	7,661,010	76,681,344	6.97%
2019	2,515,288	40,000	5,424,254	130,404	8,109,945	76,827,356	5.86%
2020	2,628,476	40,000	5,916,712		8,585,188	76,618,150	5.86%
2021	2,746,757	40,000	6,301,523		9,088,280	76,004,046	5.86%
2022	2,870,361	40,000	6,710,492		9,620,853	74,930,212	5.86%
2023	2,999,527	40,000	7,145,108		10,184,635	73,336,199	5.86%
2024	3,134,506	40,000	7,606,949		10,781,455	71,155,423	5.86%
2025	3,275,559	40,000	8,097,689		11,413,248	68,314,610	5.86%
2026	3,422,959	40,000	8,619,105		12,082,064	64,733,190	5.86%
2027	3,576,992	40,000	9,173,081		12,790,073	60,322,641	5.86%
2028	3,737,957	40,000	9,761,615		13,539,572	54,985,777	5.86%
2029	3,906,165	40,000	10,386,826		14,332,991	48,615,974	5.86%
2030	4,081,942	40,000	11,050,962		15,172,904	41,096,334	5.86%
2031	4,265,630	40,000	11,756,406		16,062,036	32,298,776	5.86%
2032	4,457,583	40,000	12,505,688		17,003,271	22,083,047	5.86%
2033	4,658,174	40,000	10,295,661		14,993,835	10,295,661	-11.82%
2034	4,867,792	40,000			4,907,792	0	-67.27%

Appropriation payments assumed to be made July 1 of each fiscal year.

Normal cost assumed to increase 4.5% per year.

Assumed expenses of \$480,000

FY17 appropriation is maintained at level of current schedule but adjusted for interest to July 1.

FY18 appropriation is maintained from the current schedule.

Total Cost increasing 5.86% per year to FY32 with a final amortization payment in FY33.